

Union Calendar No. 169

113TH CONGRESS
1ST SESSION

H. R. 992

[Report No. 113–229, Parts I and II]

To amend provisions in section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to Federal assistance for swaps entities.

IN THE HOUSE OF REPRESENTATIVES

MARCH 6, 2013

Mr. HULTGREN (for himself, Mr. HIMES, Mr. HUDSON, and Mr. SEAN PATRICK MALONEY of New York) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

SEPTEMBER 25, 2013

Additional sponsors: Mr. DAVID SCOTT of Georgia, Mr. CONAWAY, Mr. GARRETT, Mr. BACHUS, and Mr. SCHNEIDER

SEPTEMBER 25, 2013

Reported from the Committee on Financial Services

SEPTEMBER 25, 2013

Reported from the Committee on Agriculture; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend provisions in section 716 of the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to Federal assistance for swaps entities.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Swaps Regulatory Im-

5 provement Act”.

6 **SEC. 2. REFORM OF PROHIBITION ON SWAP ACTIVITY AS-**
 7 **SISTANCE.**

8 Section 716 of the Dodd-Frank Wall Street Reform

9 and Consumer Protection Act (15 U.S.C. 8305) is amend-

10 ed—

11 (1) in subsection (b)—

12 (A) in paragraph (2)(B), by striking “in-

13 sured depository institution” and inserting

14 “covered depository institution”; and

15 (B) by adding at the end the following:

16 “(3) COVERED DEPOSITORY INSTITUTION.—

17 The term ‘covered depository institution’ means—

18 “(A) an insured depository institution, as

19 that term is defined in section 3 of the Federal

20 Deposit Insurance Act (12 U.S.C. 1813); and

21 “(B) a United States uninsured branch or

22 agency of a foreign bank.”;

23 (2) in subsection (c)—

24 (A) in the heading for such subsection, by

25 striking “INSURED” and inserting “COVERED”;

1 (B) by striking “an insured” and inserting
 2 “a covered”;

3 (C) by striking “such insured” and insert-
 4 ing “such covered”; and

5 (D) by striking “or savings and loan hold-
 6 ing company” and inserting “savings and loan
 7 holding company, or foreign banking organiza-
 8 tion (as such term is defined under Regulation
 9 K of the Board of Governors of the Federal Re-
 10 serve System (12 C.F.R. 211.21(o)))”;

11 (3) by amending subsection (d) to read as fol-
 12 lows:

13 “(d) ONLY BONA FIDE HEDGING AND TRADITIONAL
 14 BANK ACTIVITIES PERMITTED.—

15 “(1) IN GENERAL.—The prohibition in sub-
 16 section (a) shall not apply to any covered depository
 17 institution that limits its swap and security-based
 18 swap activities to the following:

19 “(A) HEDGING AND OTHER SIMILAR RISK
 20 MITIGATION ACTIVITIES.—Hedging and other
 21 similar risk mitigating activities directly related
 22 to the covered depository institution’s activities.

23 “(B) NON-STRUCTURED FINANCE SWAP
 24 ACTIVITIES.—Acting as a swaps entity for

1 swaps or security-based swaps other than a
2 structured finance swap.

3 “(C) CERTAIN STRUCTURED FINANCE
4 SWAP ACTIVITIES.—Acting as a swaps entity for
5 swaps or security-based swaps that are struc-
6 tured finance swaps, if—

7 “(i) such structured finance swaps are
8 undertaken for hedging or risk manage-
9 ment purposes; or

10 “(ii) each asset-backed security under-
11 lying such structured finance swaps is of a
12 credit quality and of a type or category
13 with respect to which the prudential regu-
14 lators have jointly adopted rules author-
15 izing swap or security-based swap activity
16 by covered depository institutions.

17 “(2) DEFINITIONS.—For purposes of this sub-
18 section:

19 “(A) STRUCTURED FINANCE SWAP.—The
20 term ‘structured finance swap’ means a swap or
21 security-based swap based on an asset-backed
22 security (or group or index primarily comprised
23 of asset-backed securities).

24 “(B) ASSET-BACKED SECURITY.—The
25 term ‘asset-backed security’ has the meaning

1 given such term under section 3(a) of the Secu-
2 rities Exchange Act of 1934 (15 U.S.C.
3 78c(a)).”;
4 (4) in subsection (e), by striking “an insured”
5 and inserting “a covered”; and
6 (5) in subsection (f)—
7 (A) by striking “an insured depository”
8 and inserting “a covered depository”; and
9 (B) by striking “the insured depository”
10 each place such term appears and inserting
11 “the covered depository”.

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